GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:555
ANSWERED ON:04.12.2003
REVISION IN SALE PRICES OF LPG AND KEROSENE
PRABHA RAU

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the oil marketing companies have urged upon the Government to revise the rates on sale of domestic LPG and Kerosene;

(b) whether the Government considered the proposals for enhancing the rates of LPG and Kerosene of the oil companies;

(c) the extent of increase proposed by the oil companies and the reasons therefor; and

(d) the losses being suffered by the oil companies on the supply of LPG and Kerosene at the existing rates to the consumers?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRIMATI SUMITRA MAHAJAN)

(a) to (d): As per the Government decision on dismantling of Administered Pricing Mechanism (APM) in the petroleum sector, the Government subsidy on PDS Kerosene and Domestic LPG is on flat rate basis and after accounting for the same, the Oil Marketing Companies (OMCs) could vary the retail selling prices in line with the variations in the international prices of these products.

PDS Kerosene and Domestic LPG are domestic fuels of mass consumption. Passing of higher international prices of these products in the domestic selling prices would have hurt the consumers. The matter was therefore re-examined and it was decided in consumer interest that the OMCs will not increase the selling prices of these products during 2003-2004.

The resultant under-recoveries of the OMCs, projected to be around Rs.8200 crore, would be absorbed/shared amongst the oil PSUs.